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OCT 01 2004

READ INSTRUCTIONS CAREFULLY  
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION  
REMITTANCE ADVICE

Approved by OMB  
3040-0389  
Page 1 of 1

(1) LOCK BOX # 358145			
<b>SECTION A - PAYER INFORMATION</b>			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Hogan & Hartson L.L.P.		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$895.00	
(4) STREET ADDRESS LINE NO. 1 555 Thirteenth Street, NW			
(5) STREET ADDRESS LINE NO. 2			
(6) CITY Washington		(7) STATE DC	(8) ZIP CODE 20004-1109
(9) DAYTIME TELEPHONE NUMBER (include area code) 202-637-		(10) COUNTRY CODE (if not in U.S.A.)	
<b>FCC REGISTRATION NUMBER (FRN) REQUIRED</b>			
(11) PAYER (FRN) 0003-7278-72			
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME ITC DeltaCom, Inc.			
(14) STREET ADDRESS LINE NO. 1 4092 South Memorial Parkway			
(15) STREET ADDRESS LINE NO. 2			
(16) CITY Huntsville		(17) STATE AL	(18) ZIP CODE 35892
(19) DAYTIME TELEPHONE NUMBER (include area code) 256-382-3900		(20) COUNTRY CODE (if not in U.S.A.)	
<b>FCC REGISTRATION NUMBER (FRN) REQUIRED</b>			
(21) APPLICANT (FRN) 0007-3515-54			
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE CUT	(25A) QUANTITY 1	
(26A) FEE DUE FOR (PTC) \$895.00	(27A) TOTAL FEE \$895.00		
(28A) FCC CODE 1	(29A) FCC CODE 2		
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE		
(28B) FCC CODE 1	(29B) FCC CODE 2		
<b>SECTION D - CERTIFICATION</b>			
CERTIFICATION STATES the best of my knowledge, info SIGNATURE _____			
ACCOUNT NUMBER 4 I hereby authorize the FCC SIGNATURE _____			

JAN 2003 (REVISED)

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of

ITC^DELTACOM, INC. and  
FLORIDA DIGITAL NETWORK, INC.

Application Pursuant to Section 214 of the  
Communications Act of 1934 and  
Section 63.24 of the Commission's Rules for  
Consent to the Transfer of Control of  
Interstate FiberNet, Inc., Business Telecom,  
Inc., ITC^DeltaCom Communications, Inc.,  
and Florida Digital Network, Inc., to  
ITC^DeltaCom, Inc.

and

Application Pursuant to Section 214 of the  
Communications Act of 1934 and  
Section 63.04 of the Commission's Rules for  
Consent to the Transfer of Control of  
Interstate FiberNet, Inc., Business Telecom,  
Inc., ITC^DeltaCom Communications, Inc.,  
and Florida Digital Network, Inc., to  
ITC^DeltaCom, Inc.

File No. ITC-T/C-2004\_\_\_\_\_

WC Docket No. 04-\_\_\_\_

*Attention: International Bureau and Wireline Competition Bureau*

**JOINT INTERNATIONAL AND DOMESTIC APPLICATION  
FOR TRANSFER OF CONTROL**

Pursuant to section 214 of the Communications Act of 1934, as  
amended (the "Act"), and sections 63.04 and 63.24 of the Commission's rules, this  
Application seeks Commission approval to transfer control of Florida Digital  
Network, Inc. ("FDN Inc.") to ITC^DeltaCom, Inc. ("ITCD"). FDN Inc. holds

authority to provide domestic and international telecommunications services pursuant to section 214 of the Act.

On September 8, 2004, ITCD and FDN Inc. entered into an agreement and plan of merger (the "Merger Agreement") pursuant to which ITCD has agreed to acquire all of the outstanding shares of FDN Inc. capital stock in exchange for newly-issued shares of ITCD common stock. Currently, Welsh, Carson, Anderson & Stowe VIII, L.P., WCAS Capital Partners III, L.P., and WCAS Information Partners, L.P. (collectively, "Welsh Carson") together hold over 50 percent of the voting power represented by the outstanding shares of ITCD's common stock and preferred stock. <sup>1</sup> Because ITCD will acquire FDN Inc. in exchange for newly-issued shares of ITCD common stock, Welsh Carson's ownership interest in ITCD will be diluted by the transaction, causing Welsh Carson's ownership interest in ITCD to decline to below 50 percent.

This Application seeks Commission approval to transfer control of FDN Inc. to ITCD. In addition, because ITCD's issuance of new common stock will reduce Welsh Carson's ownership interest in ITCD, the transaction will result in a transfer of control of ITCD and its three licensed operating subsidiaries <sup>2</sup> — Interstate FiberNet, Inc. ("FiberNet"), Business Telecom, Inc. ("BTI"), and

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<sup>1</sup> The Welsh Carson entities are private equity investment funds that have managerial and financial expertise in numerous fields, including telecommunications. The Welsh Carson entities discussed in this Application are not commonly owned, but ultimately are managed and controlled by the same group of individuals.

<sup>2</sup> Each of ITCD's operating subsidiaries is authorized to provide domestic and international telecommunications services pursuant to section 214 of the Act.

ITC^DeltaCom Communications, Inc. ("DeltaCom") – from Welsh Carson to the shareholders of ITCD. This Application therefore also seeks Commission approval for this further change of control. <sup>3</sup>

ITCD, through its three operating subsidiaries, FiberNet, BTI and DeltaCom, provides integrated telecommunications and technology services to businesses and consumers in the southeastern United States. ITCD has a fiber optic network spanning approximately 14,500 route miles, including more than 10,900 route miles of owned fiber, and offers a comprehensive suite of voice and data communications services, including local, long distance, enhanced data, Internet, colocation, and managed services. ITCD also sells customer premises equipment to end-user customers. ITCD operates approximately 30 voice switches and 75 data switches and is one of the largest competitive telecommunications providers in its primary eight-state region.

FDN Inc., together with an operating subsidiary, Southern Digital Network, Inc. ("SDN Inc.," and, together with FDN Inc., "FDN"), provide business class communications services in seven major markets in Florida and Georgia. <sup>4</sup> FDN serves more than 55,000 business locations with more than 225,000 business telephone and Internet lines. FDN offers an extensive array of communications

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<sup>3</sup> ITCD's DeltaCom subsidiary also holds satellite earth station licenses. The parties are concurrently filing an application on FCC Form 312 seeking Commission consent to transfer control of these licenses.

<sup>4</sup> FDN Inc. and SDN Inc. do business as "FDN Communications" in these markets. SDN Inc. provides international telecommunications services under FDN Inc.'s section 214 authorization.

services, including local and long distance voice, high-speed Internet access, virtual private network ("VPN"), web hosting, and integrated voice and data solutions to businesses. FDN also provides telecommunications and other services to approximately 5,000 residential customers.

The proposed transaction will combine the resources, assets, and customer bases of the ITCD operating subsidiaries and FDN to create a stronger competitor in the marketplace for local exchange, interexchange, and international telecommunications and other services. The post-transaction company will be able to offer consumers a wide array of services, which will serve the public interest.

#### **I. DESCRIPTION OF THE TRANSACTION**

On September 8, 2004, ITCD and FDN Inc. entered into the Merger Agreement pursuant to which ITCD agreed to acquire all of the outstanding shares of capital stock of FDN Inc. in exchange for shares of newly-issued common stock in ITCD. To effectuate the transaction, ITCD has created a new wholly-owned subsidiary that will be merged with and into FDN Inc. Upon the consummation of the merger, the separate existence of ITCD's new wholly-owned subsidiary will cease and FDN Inc. will continue in existence as the surviving corporation in the merger. As a result of this transaction, FDN Inc. will become a wholly-owned direct subsidiary of ITCD.

Welsh Carson currently owns a controlling majority of the voting power represented by the outstanding shares of ITCD common stock and preferred

stock.<sup>5</sup> Because ITCD will acquire FDN Inc. in exchange for newly-issued shares of ITCD common stock, Welsh Carson's voting ownership interest in ITCD will become diluted as a result of this transaction and will decline to approximately 41 percent.<sup>6</sup> Consummation of the transaction contemplated by the Merger Agreement therefore will result in a change in control of both FDN and ITCD, because Welsh Carson will

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<sup>5</sup> Specifically, Welsh Carson owns the capital stock of ITCD representing approximately 59 percent of the outstanding stockholder votes pertaining generally to matters presented for vote by the holders of ITCD common stock (except for the election of ITCD directors, as to which Welsh Carson owns capital stock of ITCD representing approximately 56 percent of the outstanding stockholder votes). The foregoing percentages of voting power and all references herein to Welsh Carson's ownership interest in ITCD common stock and preferred stock include (but are not limited to) the voting power and ownership interest that the individual managing members of the general partners of the Welsh Carson entities control or will control in the aggregate in personal accounts separate from any Welsh Carson holdings.

<sup>6</sup> The foregoing percentages of voting power and ownership interest represent Welsh Carson's post-transaction ownership interest that will result solely from the merger of ITCD and FDN Inc. Concurrently with the execution of the Merger Agreement on September 8, 2004, ITCD separately entered into a merger agreement to acquire all of the capital stock of the corporate parent of another telecommunications carrier, Network Telephone Corporation ("NTC"). NTC holds authority to provide domestic and international telecommunications services pursuant to section 214 of the Act. ITCD will acquire NTC by issuing new shares of ITCD common stock in exchange for all of the capital stock of NTC's corporate parent, NT Corporation. Concurrently with this filing, ITCD and NT Corporation have submitted for approval to the Commission an application to transfer control of NTC to ITCD. As explained in that application, consummation of the merger agreement between ITCD and NT Corporation is contingent upon the prior consummation of the merger agreement between ITCD and FDN Inc. Assuming that both transactions close, Welsh Carson's voting ownership interest in ITCD will decline immediately after the transactions to approximately 37 percent. In addition, Welsh Carson's ownership of ITCD common stock on a fully diluted basis, assuming the conversion or exercise of all outstanding warrants, options and other rights to acquire common stock (as well as the outstanding ITCD preferred stock, which has voting rights, and outstanding restricted common stock units), will decline from approximately 58 percent immediately before the transactions to approximately 38 percent immediately after the transactions.

no longer own a controlling majority of the voting power represented by the outstanding shares of ITCD common stock and preferred stock.<sup>7</sup> Immediately following consummation of the transaction, no stockholder or group of related stockholders will hold more than the 41 percent non-controlling voting ownership interest in ITCD held by Welsh Carson.<sup>8</sup>

This Application seeks authority for the transfer of control of FDN to ITCD, as well as for the transfer of control of ITCD from Welsh Carson to a wide range of ITCD shareholders. Grant of this Application will serve the public interest, convenience, and necessity. By merging the resources, assets, and customer bases

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<sup>7</sup> Because Welsh Carson immediately after the transaction will no longer own a controlling majority of the voting power represented by the outstanding shares of ITCD common stock and preferred stock, Welsh Carson will not be able to control the election of a majority of the members of the ITCD board of directors. Under an existing governance agreement among ITCD, Welsh Carson, and other ITCD shareholders, Welsh Carson is restricted from using its current controlling majority of ITCD voting shares to elect a majority of the ITCD directors. Absent the transaction that is the subject of this Application, the contractual restriction on Welsh Carson's right as an ITCD shareholder to elect a majority of the ITCD board of directors will expire on January 6, 2005.

<sup>8</sup> In addition, no shareholder or group of related shareholders will exercise *de facto* control over ITCD immediately following the transaction. Effective as of the closing date of the transaction, Welsh Carson, the principal former shareholders of FDN Inc. and NT Corporation, and other ITCD shareholders will enter into a governance agreement that will amend and restate the existing governance agreement referred to in footnote 7 above. The new governance agreement will grant to each of Welsh Carson and the principal former shareholders of FDN Inc. and NT Corporation the right to designate for nomination to the ITCD board of directors a specified number of directors and will require all parties to vote their ITCD shares for these director nominees. However, immediately after the closing of the transactions, no shareholder (including Welsh Carson) will be entitled to designate for nomination a majority of the ITCD directors, and the independent decision-making authority of the individual ITCD board members will not be affected by the board designation rights or other provisions of the governance agreement.

of the ITCD operating subsidiaries and FDN, the post-transaction company will become a stronger competitor in the marketplace for local, interstate and international telecommunications services, high-speed data services, and other services. The customers of FiberNet, BTI, and DeltaCom, on the one hand, and FDN, on the other hand, will benefit from the combined company's improved resources and assets, which will help ensure continuity of service and enhance the ability of each of the operating subsidiaries to offer a broader range of innovative products and services to customers. The parties expect that this transaction (together with ITCD's acquisition of NT Corporation) will contribute to annualized cost savings for the combined company of approximately \$25 to \$30 million within 18-24 months of the transaction closings, with \$20 million in cost savings expected to be realized within the first 12 months of the closings. The proposed transaction therefore will strengthen the ability of the post-merger company to offer services in competition with other providers, including incumbent local exchange carriers, in their operating areas. Grant of this Application will promote competition in the local exchange, interexchange, and international telecommunications markets, and will serve the public interest.

## **II. INFORMATION REQUIRED BY SECTION 63.24**

This Application seeks authority to transfer control of FDN, and, as a result, ITCD, including its FiberNet, BTI, and DeltaCom operating subsidiaries, each of which holds authority pursuant to section 214 of the Act to provide domestic interstate and international telecommunications service. Section 63.24(e)(2) of the



Commission's rules requires that an application for a substantial transfer of control of a carrier – or, in this case, carriers – holding international section 214 authority include the following information, as described in section 63.18:

- (a) The names, addresses and telephone numbers of the transferors are:

Florida Digital Network, Inc.  
2301 Lucien Way, Suite 200  
Maitland, FL 32751  
Phone: (407) 835-0300

Welsh, Carson, Anderson & Stowe VIII, L.P.  
WCAS Capital Partners III, L.P.  
WCAS Information Partners, L.P.  
320 Park Avenue, Suite 2500  
New York, New York 10022-6815  
Phone: (212) 893-9500

The name, address and telephone number of the transferee is:

ITC^DeltaCom, Inc.  
1791 O.G. Skinner Drive  
West Point, GA 31833  
Phone: (706) 385-8000

The names, addresses and telephone numbers of the carriers holding section 214 authority that are being transferred are:

Florida Digital Network, Inc.  
2301 Lucien Way, Suite 200  
Maitland, FL 32751  
Phone: (407) 835-0300

Interstate FiberNet, Inc.  
1791 O.G. Skinner Drive  
West Point, GA 31833  
Phone: (706) 385-8000

Business Telecom, Inc.  
4300 Six Forks Road  
Raleigh, NC 27609  
Phone: (919) 863-7000

ITC^DeltaCom Communications, Inc.  
4092 South Memorial Parkway  
Huntsville, AL 35802  
Phone: (256) 382-3900

(b) ITCD, FDN Inc., and FiberNet are Delaware corporations. BTI is a North Carolina corporation. DeltaCom is an Alabama corporation. Each of the Welsh Carson entities is a Delaware limited partnership.

(c) Correspondence concerning this Application should be addressed to:

For FDN:

Matthew J. Feil  
General Counsel  
Florida Digital Network, Inc.  
2301 Lucien Way, Suite 200  
Maitland, FL 32751  
Phone: (407) 835-0460  
Fax: (407) 447-4008  
E-mail: [mfeil@mail.fdn.com](mailto:mfeil@mail.fdn.com)

For Welsh Carson:

Jonathan M. Rather  
General Partner and CFO  
WCAS Management Corp.  
320 Park Ave., Suite 2500  
New York, NY 10022  
Phone: (212) 893-9570  
Fax: (212) 893-9548  
Email: [jrather@welshcarson.com](mailto:jrather@welshcarson.com)

For ITCD:

J. Thomas Mullis  
Senior Vice President-Legal and Regulatory  
ITC^DeltaCom, Inc.  
7307 Old Madison Pike, Suite 400  
Huntsville, AL 35806  
Phone: (256) 382-3842  
Fax: (256) 382-3936  
E-mail: [tmullis@itcdeltacom.com](mailto:tmullis@itcdeltacom.com)

With copies to:

Nanette Edwards  
Director Regulatory  
ITC^DeltaCom, Inc.  
7037 Old Madison Pike, Suite 400  
Huntsville, AL 35806  
Phone: (256) 382-3856  
Fax: (256) 382-3936  
E-mail: nedwards@itcdeltacom.com

and

Yaron Dori  
Hogan & Hartson L.L.P.  
555 13<sup>th</sup> Street N.W.  
Washington, D.C. 20004-1109  
Phone: (202) 637-5458  
Fax: (202) 637-5910  
E-mail: ydori@hhlaw.com

(d) FiberNet, BTI, DeltaCom, and FDN Inc. each hold domestic and international authority pursuant to section 214 of the Act.

The authority held by FiberNet was originally granted to Eastern Telecom, Inc., in File No. ITCD-93-279, and the Commission approved a pro forma assignment of the authorization to FiberNet in 1997. See File No. ITC-ASG-19970915-00552.

The authority held by BTI was originally granted in File No. ITC-88-120 for international resale service in 1988, and File No. ITC-95-404 for authority to acquire and operate facilities for service to various overseas points in 1995.

The authority held by DeltaCom was originally granted to DeltaCom, Inc., in File No. ITC-94-385. DeltaCom, Inc., subsequently changed its name to ITC^DeltaCom Communications, Inc. See Letter of Nanette S. Edwards to Magalie Roman Salas dated February 26, 1998.

In October 2002, the Commission authorized the transfers of control of FiberNet and DeltaCom that resulted from ITCD's entry into and emergence from

Chapter 11 bankruptcy protection. See File Nos. ITC-T/C-20020810-00469, ITC-T/C-20020810-00468, ITC-T/C-20020813-00471, ITC-T/C-20020917-00470.<sup>9</sup>

In August and September 2003, the Commission authorized the transfer of control of FiberNet and DeltaCom that resulted from Welsh Carson's acquisition of a majority interest in ITCD. See File Nos. ITC-T/C-20030708-00336, ITC-94-385, ITC-T/C-20020810-00469, ITC-T/C-20020813-00471, SES-T/C-20030708-00987; see also *FCC Public Notice*, 18 FCC Rcd 18210 (2003).

The authority held by FDN Inc. was originally granted to FDN Inc. in File Nos. ITC-87-094 and ITC 98-443. Subsequently, in March 2003, the Commission granted FDN Inc.'s request to acquire the assets and customer base of Mpower Communications Corp. in Florida and Georgia. See File Nos. ITC-ASG-20030127-00036 and WC Docket No. 03-34, DA 03-432. The Commission also acknowledged in March 2003 that FDN Inc. filed a notification regarding a *pro forma* transfer of control to M/C Ventures V, L.P., and other related entities. Additionally, by letter dated May 14, 2003, FDN Inc. notified the Commission that FDN Inc. and SDN Inc. changed the name under which they do business to "FDN Communications."

Welsh Carson, through various limited partnerships, holds majority interests in two telecommunications companies subject to FCC jurisdiction not already covered in this Application. Welsh Carson is a majority shareholder in the publicly traded Centennial Communications Corporation ("Centennial"), a provider of wireless rural telephone systems in the continental United States, and a provider of integrated communications services in the Caribbean, including the islands of Puerto Rico and the U.S. Virgin Islands.<sup>10</sup> Centennial holds international section 214 authority pursuant to File Nos. ITC-214-19970923-00579 and ITC-214-20000817-00545. Welsh Carson is also a majority investor in the privately held Valor Telecommunications L.L.C. ("Valor"), an independent local exchange company offering services in primarily rural exchange areas within the states of Texas,

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<sup>9</sup> This action pre-dated Welsh Carson's acquisition of control of ITCD, which explains why the license held by BTI (which at the time was owned and controlled by Welsh Carson) was not subject to these proceedings.

<sup>10</sup> Centennial has approximately 540,000 rural wireless customers in the continental United States (Michigan, Indiana, Ohio, Mississippi, Louisiana, and east Texas, with minority investments in two small systems in Pennsylvania and California) and approximately 366,500 wireless customers in the Caribbean (Puerto Rico, the U.S. Virgin Islands, and the Dominican Republic). Wireline services in the Caribbean include telephony, data, Internet and video.

Oklahoma and New Mexico. <sup>11</sup> Valor holds a section 214 authorization for international resale. See File No. ITC-214-20000719-00451.

Responses (e) through (g) are not applicable to this Application.

(h) The following are the names, addresses, citizenship, and principal businesses of any person or entity that will directly or indirectly own at least ten percent of the equity of the applicants. (For purposes of clarity, we also list below the authorized carriers these ten percent or greater equity holders shall own.) There will be no interlocking directorates with any foreign carrier.

**ITC^DeltaCom, Inc.**

Address: 1791 O.G. Skinner Drive, West Point, GA 31833

Citizenship: United States

Principal business: Telecommunications (Holding Company)

Relationship: 100 percent direct parent of FiberNet and BTI; 100 percent indirect parent of DeltaCom; <sup>12</sup> anticipated 100 percent direct parent of FDN Inc.

**Interstate FiberNet, Inc.**

Address: 1791 O.G. Skinner Drive, West Point, GA 31833

Citizenship: United States

Principal business: Telecommunications

Relationship: Authorized carrier; 100 percent direct parent of DeltaCom <sup>13</sup>

**Business Telecom, Inc.**

Address: 4300 Six Forks Road, Raleigh, NC 27609

Citizenship: United States

Principal business: Telecommunications

Relationship: Authorized carrier <sup>14</sup>

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<sup>11</sup> Valor serves over 500,000 customers in mostly rural communities. In addition to local services, the company offers long distance services, wireless services, and information services.

<sup>12</sup> Concurrently with, or following, consummation of the transaction that is the subject of this Application, ITC-214 intends to undergo a *pro forma* internal reorganization whereupon ITC-214 will become the 100 percent direct parent of DeltaCom. Pursuant to sections 63.03(d) and 63.24(d) of the Commission's rules, prior Commission approval would not be required to effectuate this *pro forma* internal reorganization.

<sup>13</sup> See *supra*, note 12.

**ITC^DeltaCom Communications, Inc.**

Address: 4092 South Memorial Parkway, Huntsville, AL 35802

Citizenship: United States

Principal business: Telecommunications

Relationship: Authorized carrier

**Florida Digital Network, Inc.**

Address: 2301 Lucien Way, Suite 200, Maitland, FL 32751

Citizenship: United States

Principal Business: Telecommunications

Relationship: Authorized Carrier

**M/C Venture Partners V, L.P.**

**Media/Communications Partners III Limited Partnership**

**Chestnut Venture Partners, L.P.**

**M/C Investors, L.L.C.**

Address: 75 State Street, Suite 2500, Boston, MA 02109

Citizenship: United States

Principal Business: Private investment partnerships

Relationship: Will own an amount of ITCD common stock representing approximately 20 percent of the voting power represented by the outstanding shares of ITCD common stock and preferred stock following consummation of the transaction that is the subject of this Application <sup>15</sup>

The sole general partner of M/C Venture Partners V, L.P., which was formed under the laws of Delaware, is M/C VP V L.L.C.. The managing members and/or shareholders of M/C VP V L.L.C. are James F. Wade, Peter H.O. Claudy, David D. Croll, Matthew J. Rubins, John W. Watkins, John O. Van Hooser, John P. Ward, Neil N. Sheth, Peter A. Schober, Joseph S. Monaco, Russell T. Pyle, Andrin Bachmann, and Gillis S. Cashman.

The sole general partner of Media/Communications Partners III Limited Partnership, which was formed under the laws of Delaware, is

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<sup>14</sup> BTI is a wholly-owned subsidiary of BTI Telecom Corp., which is a wholly-owned subsidiary of ITCD.

<sup>15</sup> This interest will decline to an amount of ITCD common stock representing approximately 18 percent of the voting power represented by the outstanding shares of ITCD common stock and preferred stock when ITCD's acquisition of NT Corporation is consummated.

M/C III L.L.C. The managing members and/or shareholders of MC III L.L.C. are David D. Croll, James F. Wade, Stephen F. Gormley, Christopher S. Gaffney, and John G. Hayes.

The sole general partner of Chestnut Venture Partners, L.P., which was formed under the laws of Delaware, is Chestnut Street Partners, Inc. The managing members and/or shareholders of Chestnut Street Partners, Inc., are David D. Croll, James F. Wade, and Peter H.O. Claudy.

M/C Investors, L.L.C., which was formed under the laws of Massachusetts, does not have a sole general partner. Its managing members and/or shareholders are James F. Wade, David D. Croll, Stephen F. Gormley, Christopher S. Gaffney, and John G. Hayes.

The address of each of the above entities is 75 State Street, Suite 2500, Boston, Massachusetts 02109. With the exception of Messrs. Schober and Bachmann, who are Austrian and Swiss citizens, respectively, each of the managing members and/or shareholders identified above are U.S. citizens. Messrs. Schober and Bachmann do not hold any voting rights and hold less than a five percent interest in M/C VP V L.L.C. Thus, Messrs. Schober and Bachmann will not hold an indirect voting interest in ITCD and their collective indirect equity ownership interest in ITCD will be *de minimis*.

The limited partners of M/C Venture Partners V, L.P., M/C Investors, L.L.C., Media/Communications Partners III Limited Partnership, and Chestnut Venture Partners, L.P., consist of institutional or other investors. Based on the Commission's methodology for determining indirect interest in communications companies, none of the limited partners in these entities will hold 10 percent or more of the equity of ITCD.

**Welsh, Carson, Anderson & Stowe VIII, L.P.**

**WCAS Capital Partners III, L.P.**

**WCAS Information Partners, L.P.**

Address: 320 Park Avenue, Suite 2500, New York, NY 10022-6815

Citizenship: United States (Delaware limited partnerships)

Principal business: Private investment partnerships

Relationship: Will own an amount of ITCD common stock and preferred stock representing approximately 41 percent of the voting power represented by the outstanding shares of ITCD common stock

and preferred stock following consummation of the transaction that is the subject of this Application <sup>16</sup>

The sole general partner of Welsh, Carson, Anderson & Stowe VIII, L.P., is WCAS VIII Associates, L.L.C. The sole general partner of WCAS Capital Partners III, L.P., is WCAS CP III Associates L.L.C. The sole general partner of WCAS Information Partners, L.P., is WCAS Info Partners, L.P. Each of those general partners was formed under the laws of Delaware, and their address is 320 Park Avenue, Suite 2500, New York, New York 10022-6815. The managing members of the general partners are U.S. citizens. The managing members are Patrick J. Welsh, Russell L. Carson, Bruce K. Anderson, Robert A. Minicucci, Anthony J. deNicola, Paul B. Queally, D. Scott Mackesy, Sanjay Swani, Jonathan M. Rather, John D. Clark, Thomas E. McInerney, James R. Matthews, John Almeida, Jr., and Sean M. Traynor.

The limited partners of Welsh Carson consist of institutional or other investors. Based on the Commission's methodology for determining indirect interest in communications companies, none of the limited partners in Welsh Carson will hold 10 percent or more of the equity of ITCD.

(i) ITCD certifies that it is not, and following the proposed transaction will not be, affiliated with any foreign carrier within the meaning of section 63.09(d) and (e).

(j) The Applicants certify that they do not seek authority to provide service to any country described in paragraphs (1) through (4) of section 63.18(j).

(k) Not applicable.

(l) Not applicable.

(m) Not applicable.

(n) ITCD certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international

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<sup>16</sup> This interest will decline to an amount of ITCD common stock representing approximately 37 percent of the voting power represented by the outstanding shares of ITCD common stock and preferred stock when ITCD's acquisition of NT Corporation is consummated.



route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

(o) ITCD, FDN Inc., and Welsh Carson certify with respect to each entity within their control and pursuant to sections 1.2001 through 1.2003 of the Commission's rules that no party to the Application is subject to a denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

(p) This international section 214 Application qualifies for streamlined processing pursuant to section 63.12 because the applicants are not affiliated with any foreign carriers; are not affiliated with any dominant U.S. carriers whose international switched or private line services the applicant seeks authority to resell; and do not seek authority to provide switched basic services over private lines to a country for which the Commission has not previously authorized the provision of switched services over private lines. This Application therefore should be granted, pursuant to section 63.12(a), fourteen days after the date of public notice listing this Application as accepted for filing.

### III. ADDITIONAL INFORMATION REQUIRED BY SECTION 63.04

This Application seeks Commission consent to transfer control of FDN Inc. and ITCD, including ITCD's operating subsidiaries, FiberNet, BTI, and DeltaCom, each of which holds authority to provide interstate domestic and international telecommunications services pursuant to section 214 of the Act. Pursuant to section 63.04(b) of the Commission's rules, the parties submit the following information in support of this Application in response to items 6 through 12 of section 63.04(a):

(6) As set forth in section I above, this Application seeks Commission consent to transfer control of FDN Inc. and ITCD. Specifically, the Application seeks consent for ITCD to acquire all of the outstanding shares of capital stock of FDN Inc. in exchange for shares of newly-issued common stock in ITCD. To effectuate this transaction, ITCD has created a new wholly-owned subsidiary that will be merged with and into FDN Inc. Upon the consummation of the merger, the separate existence of ITCD's new wholly-owned subsidiary will cease and FDN Inc. will continue in existence as the surviving corporation in the merger. As a result of this transaction, FDN will become a wholly-owned direct subsidiary of ITCD. Welsh Carson currently owns a controlling majority of the voting power represented by the outstanding shares of ITCD common stock and preferred stock. ITCD's

acquisition of FDN Inc. in exchange for newly-issued shares of ITCD common stock will dilute Welsh Carson's voting ownership interest in ITCD, causing Welsh Carson's voting ownership interest to decline to 41 percent.<sup>17</sup> Consummation of the transaction contemplated by the Merger Agreement therefore will result in a change in control of ITCD, as Welsh Carson will no longer own a controlling majority of the voting power represented by the outstanding shares of ITCD common stock and preferred stock.<sup>18</sup> ITCD, in turn, will be held by a number of entities, including Welsh Carson and the former principal shareholders of FDN, with no entity holding more than Welsh Carson's 41 percent non-controlling voting ownership interest in the company (and no entity holding more than a 37 percent voting ownership interest in the company following consummation of a separate concurrent transaction, the merger of ITCD and NT Corporation).<sup>19</sup> Therefore, in addition to resulting in the transfer of control of FDN Inc., the proposed transaction will result in the transfer of control to ITCD of the ITCD operating subsidiaries, FiberNet, BTI, and DeltaCom, each of which is authorized to provide domestic telecommunications services pursuant to section 63.01 of the Commission's rules.

(7) ITCD, through its operating subsidiaries, provides integrated communications services in the southeastern United States. ITCD delivers a comprehensive suite of voice and data communications services, including local exchange, long distance, enhanced data, Internet, colocation, and managed services, and sells customer premise equipment to end-user customers. ITCD offers these services primarily over its owned network facilities and also uses leased network facilities to extend its market coverage. In addition, ITCD owns, operates, and manages an extensive fiber optic network with significant transmission capacity that it uses for its own voice and data traffic and selectively sells to other communications providers on a wholesale basis. ITCD believes that it is the largest facilities-based competitive provider of integrated communications services in its primary eight-state market, which encompasses Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

FDN provides business class communications services in seven major markets in Florida and Georgia. FDN serves more than 55,000 business locations with more than 225,000 business telephone and Internet lines. FDN offers an extensive array of communications services, including local and long distance voice, high-speed Internet access, VPN, web hosting, and integrated voice and data solutions to businesses. FDN also provides telecommunications and other services to approximately 5,000 residential customers.

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<sup>17</sup> See also *supra*, note 16.

<sup>18</sup> See *supra*, notes 7 and 8.

<sup>19</sup> See *supra*, note 6.

(8) This Application qualifies for streamlined processing under section 63.03(b)(2)(i) of the Commission's rules because the transferee will have a market share in the interstate interexchange market of less than 10 percent; the transferee will provide competitive telephone exchange services or exchange access services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the proposed transaction; and no party to this Application is dominant with respect to any service. To the extent Welsh Carson's majority interest in Valor renders co-applicant Welsh Carson a "dominant carrier" under section 63.03(b) of the Commission's rules, this Application qualifies for streamlined processing under section 63.03(b)(2)(ii) because FDN Inc., the carrier being acquired in the transaction that is the subject of this Application, operates exclusively outside of Arkansas, Oklahoma, New Mexico, and Texas, the geographic areas in which Valor is dominant in its provision of local telephone service.

(9) As noted above, DeltaCom holds satellite earth station licenses and is concurrently filing an application on FCC Form 312 seeking Commission consent to transfer control of those licenses.<sup>20</sup>

(10) Only standard streamlined processing of this domestic section 214 transfer of control application is sought pursuant to section 63.03.

(11) No waiver requests are being filed in conjunction with the transaction.

(12) As discussed in section I above, grant of this Application will strengthen ITCD and its operating subsidiaries, on the one hand, and FDN, on the other hand, by creating a stronger competitor in the local exchange, interexchange, and international telecommunications markets. Applicants anticipate that the transfer of control will enhance competition and provide benefits, such as superior customer service and expanded service offerings, to customers. As discussed more fully below, grant of the Application will not adversely affect consumers. Accordingly, grant of the Application will serve the public interest, convenience, and necessity.

Following consummation of the transaction described herein, FiberNet, BTI DeltaCom, and FDN (the "Companies") will continue to compete in the local and long distance retail and wholesale telecommunications markets. Although the local and long distance operations of the Companies overlap in two states (Florida and Georgia), each company will continue to face significant competition from

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<sup>20</sup> As noted above, ITCD is a party to a separate merger agreement with NT Corporation, consummation of which will affect the voting ownership interests of several parties in ITCD. This Application, however, is not directly related to the transaction between ITCD and NT Corporation.

incumbent local exchange carriers, such as BellSouth and Verizon, larger long distance competitors, and other providers of communications services, such as wireless and cable providers.

ITCD, through its three operating subsidiaries, FiberNet, BTI, and DeltaCom, provides integrated telecommunications and technology services to businesses and consumers in the southeastern United States. ITCD has a fiber optic network spanning approximately 14,500 route miles, including more than 10,900 route miles of owned fiber, and offers a comprehensive suite of voice and data communications services, including local, long distance, enhanced data, Internet, colocation, and managed services, and sells customer premises equipment to end-user customers. ITCD operates approximately 30 voice switches and 75 data switches and is one of the largest competitive telecommunications providers in its primary eight-state region.

FDN provides business class communications services in seven major markets in Florida and Georgia. FDN serves more than 55,000 business locations with more than 225,000 business telephone and Internet lines. FDN offers an extensive array of communications services, including local and long distance voice, high-speed Internet access, VPN, web hosting, and integrated voice and data solutions to businesses. FDN also provides telecommunications and other services to approximately 5,000 residential customers.

The ITCD operating subsidiaries and FDN are each non-dominant carriers in the provision of local and long distance services. Although the ITCD operating subsidiaries and FDN have overlapping operations in Florida and Georgia, the services each offers differ and substantial competition exists in those markets. Specifically, in addition to the incumbent local exchange companies, numerous other competitive local exchange providers actively sell services in those markets, as indicated in the chart below:

State	Number of CLECs*
Florida	26
Georgia	21

\* Source: FCC, Local Telephone Competition, Table 12 (as of December 31, 2003)

Thus, placing these carriers under common ownership raises no competitive issues. The entities will continue to be small, non-dominant carriers that must compete against much larger, and in some cases dominant, competitors. In no event will the Companies be able to exercise market power to the detriment of consumers. Accordingly, grant of this application will serve the public interest, convenience, and necessity.

IV. CONCLUSION

For the foregoing reasons, this Application respectfully requests that the Commission consent to the change in control of FDN and ITCD that will result from ITCD's acquisition of FDN Inc.

Respectfully submitted,

ITC^DELTACom, INC.,  
INTERSTATE FIBERNet, INC.,  
BUSINESS TELECOM, INC., AND  
ITC^DELTACom COMMUNICATIONS,  
INC.

FLORIDA DIGITAL NETWORK, INC.

By: Tom Mullis/yd  
J. Thomas Mullis  
Senior Vice President – Legal and  
Regulatory

By: Matthew J. Feil/yd  
Matthew J. Feil  
General Counsel


WELSH, CARSON, ANDERSON & STOWE  
VIII, L.P., together with certain of its  
affiliates

By: Jonathan M. Rather/yd  
Jonathan M. Rather  
Chief Financial Officer of the  
General Partners

Dated: 10/1, 2004

### Verification

I, J. Thomas Mullis, hereby certify under penalty of perjury that I am Senior Vice President—Legal & Regulatory of ITC^DeltaCom, Inc., Interstate FiberNet, Inc., BTI Telecom Corp., and ITC^DeltaCom Communications, Inc.; and that the information provided in the foregoing application related to these entities is true and correct to the best of my knowledge, information and belief.

By:   
J. Thomas Mullis  
ITC^DeltaCom, Inc.  
7037 Old Madison Pike, Suite 400  
Huntsville, AL 35806

Executed on 9/23, 2004.

**Verification**

I, Jonathan M. Rather, hereby certify under penalty of perjury that I am Chief Financial Officer of the General Partners of Welsh, Carson, Anderson & Stowe VIII, L.P., WCAS Capital Partners III, L.P., and WCAS Information Partners, L.P.; and that the information provided in the foregoing application related to these entities is true and correct to the best of my knowledge, information and belief.

By: 

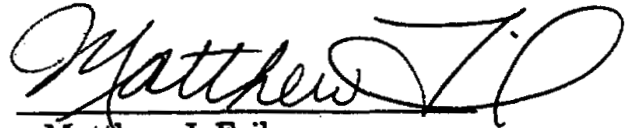
Jonathan M. Rather  
WCAS Management Corp.  
320 Park Avenue, Suite 2500  
New York, New York 10022-6815

Executed on 9/24, 2004.

### Verification

I, Matthew J. Feil, hereby certify under penalty of perjury that I am General Counsel of Florida Digital Network, Inc.; and that the information provided in the foregoing application related to these entities is true and correct to the best of my knowledge, information and belief.

By: \_\_\_\_\_



Matthew J. Feil  
Florida Digital Network, Inc.  
2301 Lucien Way, Suite 200  
Maitland, FL 32751

Executed on Sept. 23, 2004.